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GLOBAL GENERAL INSURANCE COMPANY ANNUAL REPORT 1967

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Report of the Board of Directors

The Board of Directors of Global General Insurance Company is pleased to present to the Shareholders its report for the year ended December 31, 1967, the twelfth year of the Company's operations.

During 1967 the Company wrote gross premiums of \$12,640,877, which is \$1,000,000 less than in 1966, but approximately \$2,000,000 more than in 1965. The reduction in 1967 writings from 1966 is due to a decrease in assumed reinsurance, in line with the Company's present policy. Consequently, there was also a reduction in net premiums written from \$10,133,105 in 1966 to \$8,700,781 in 1967.

During 1967 the Company continued successfully to explore the potential of the Canadian insurance market and secured an increase of over 10% in its Canadian volume. The overall loss ratio for this business of 56.6% again shows the Company's sound approach to the market and resulted in a net underwriting profit of \$82,868.

Automobile and Dwelling business, the Company's two most important classes, comprising over 70% of its Canadian portfolio, produced very satisfactory results with earned loss ratios of 60% for Automobile and 54% for Dwelling business.

Of the remaining classes, Casualty and Boiler and Machinery, resulted in earned loss ratios of 24%, whilst the result of Composite Mercantile business, with 61% earned loss ratio could be regarded as reasonable. Pure Fire and Inland Marine, representing only 13% of the Company's Canadian portfolio, showed negative results, with earned loss ratios of 72% and 99% respectively and reflected the general situation in Canada which demands substantial premium increases in these classes.

The Company's assumed reinsurance produced an investment income of \$129,894 offsetting a small underwriting loss of \$7,328 and thus generating a substantial profit of \$122,566.

The application of solid investment principles throughout a year when markets were affected by unstable

political and monetary conditions provided a net investment income of \$168,773. This amount represents an 11% increase over the total obtained in 1966 and a 6.0% yield on the average portfolio against 5.6% recorded during the previous year. Profits on sale of securities rose from \$14,015 in 1966 to \$26,366 during the year under review.

Including the income obtained from interest on deposits and other sources of \$112,496, the Company's net financial income totalled \$281,269. This amount and the net underwriting profit of \$75,540 resulted in a net operating profit of \$356,809, substantially higher than the operating profit of \$280,832 obtained in 1966.

The Policyholders' Surplus increased in 1967 by \$104,535 to \$1,808,378 after payment of dividends to Shareholders of \$242,790.

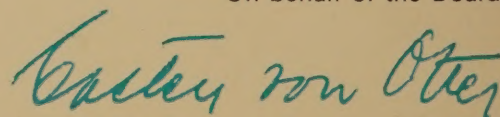
Again in 1967 the Company's selective underwriting policy has shown rewarding results and will continue to be the guiding principle of the Company's approach to the market.

During the year under review Mr. H. E. Girardet resigned as a Director of the Company. The deaths in March of Mr. W. C. Mainwaring and in September of Mr. G. E. Phipps, Directors of the Company of long standing, are recorded with sincere regret.

In May of 1967, Canada's Centennial Year, the Company also passed a milestone in its history by moving into its own premises in Global House, 480 University Avenue, Toronto.

To our Officers, Staff and Agents, the Board of Directors expresses its thanks and appreciation for their loyal support during 1967.

On behalf of the Board,



Casten von Otter
Executive Vice-President and Managing Director



Board of Directors

DR. HANS GERLING, *Chairman of the Board*

President and Chief Executive Officer of the Gerling Group of Insurance Companies.

NORMAN E. PHIPPS, Q.C., *President*

Partner of White, Bristol, Beck & Phipps, Vice-Chairman of the Board of Global Life Insurance Company, President of Global Reinsurance Company.

BARON CASTEN von OTTER, K.St.J.

Executive Vice-President and Managing Director

Executive Vice-President and Managing Director of Global Reinsurance Company, Director of Gerling Global Offices Inc., New York, U.S.A.

J. M. R. CORBET

Director of Area Mines Limited, Canada Permanent Trust Company, Mattagami Lake Mines Limited, United Accumulative Fund, Global Reinsurance Company, Global Life Insurance Company.

R. W. FINLAYSON, M.A.

President of Finlayson Enterprises Limited, Director of Industrial Adhesives Limited, Global Reinsurance Company, Global Life Insurance Company.

HON. LOUIS-P. GÉLINAS, M.B.E.

Counsel for Geoffrion, Robert and Gélinas, Inc., Director of the Mercantile Bank of Canada, Canadian International Paper Company, Global Reinsurance Company, Global Life Insurance Company.

BRIG. W. PRESTON GILBRIDE, C.B.E., D.S.O., E.D., LL.D.

Chairman of the Board of A. Bradshaw & Son Limited, Grafton-Fraser Limited, Director of Gerling Global Offices Inc., New York, U.S.A., Gerling Insurance Group, Cologne, West Germany, Global Reinsurance Company, Global Life Insurance Company.

H. E. LUMSDEN, B.C.E., P.ENG.

President of Global Life Insurance Company, Chairman of the Board of Lumsden Brothers Limited, Director of Global Reinsurance Company.

DR. PETER MEHLHORN

Director of Global Reinsurance Company, Global Life Insurance Company, Gerling Global Reinsurance Company Ltd, London, England, Gerling Global Reinsurance Company of South Africa Ltd., Johannesburg, S.A.

DR. E. MICHEL MEYER

Director of Global Reinsurance Company, Global Life Insurance Company, Gerling Global Offices Inc., New York, U.S.A., Gerling Global Reinsurance Company Ltd., London, England, Gerling Global Reinsurance Company of South Africa Ltd., Johannesburg, S.A.



Executive Officers

DR. HANS GERLING, *Chairman of the Board*

NORMAN E. PHIPPS, Q.C.
President

CASTEN von OTTER
Executive Vice-President and Managing Director

KEITH J. PEKIN
Vice-President and Manager

G. P. LAUTENSCHLAEGER
Vice-President and Manager, Secretary

EVAN E. TUMMON
Treasurer

ALBERT HASSALL
Comptroller

Global General Insurance Company

Balance Sheet as at December 31, 1967

Assets		
	Bonds — at amortized cost (market value \$1,564,186)	1,844,331
	Stocks — at market value (cost \$499,034)	397,353
	Real Estate — at cost	400,000
	Cash	265,365
	Premiums in course of collection	864,048
	Deposit with Ceding Company	8,029,840
	Amounts due from Reinsurers	20,818
	Leasehold Improvements (at cost less amortization)	124,138
	Other Admitted Assets	29,268

Signed on behalf of the Board:

N. E. Phipps, Director

Casten von Otter, Director

\$11,975,161

\$ 12,856,557

Auditors' Report to the Shareholders

We have examined the balance sheet of Global General Insurance Company as at December 31, 1967 and the statements of operations and surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1967 and the results of its operations for the year then ended in accordance with accounting practices appropriate to the insurance laws of Canada applied on a basis consistent with that of the preceding year.

Toronto, February 9, 1968.

McDonald, Currie & Co.
Chartered Accountants

Liabilities	Provision for Unpaid Claims and Adjustment Expenses.....	6,711,275
	Reserve for Unearned Premiums at 80%.....	2,795,660
	Deposit withheld from Reinsurer.....	467,062
	Provision for Pension Fund.....	130,200
	Amounts due to Reinsurer.....	543
	Other Liabilities.....	62,043
		<u>10,166,783</u>

CAPITAL STOCK AND SURPLUS

CAPITAL STOCK (Note 3).....	1,600,000
SURPLUS.....	<u>208,378</u>
POLICYHOLDERS' SURPLUS.....	<u>1,808,378</u>
	<u><u>\$11,975,161</u></u>

NOTES: 1. Assets and liabilities in foreign currencies have been converted at the rates prevailing at December 31, 1967.

2. Income taxes otherwise payable for the year have been eliminated by losses carried forward from prior years.

3. Capital Stock.

Authorized —

10,000 6% cumulative convertible non-voting Class A shares with a par value of \$100 each

10,000 non-voting Class B shares with a par value of \$100 each

10,000 common shares with a par value of \$100 each

Issued and fully paid —

\$

6,000 Class A shares..... 600,000

10,000 common shares..... 1,000,000

1,600,000

By Supplementary Letters Patent dated July 1, 1967, the dividend rate on the Class A shares was increased from 5% to 6%.

4. Remuneration paid to Directors and Senior Officers during the year amounted to \$74,600.

Statement of Operations

for the year ended December 31, 1967

Gross Premiums written.....	12,640,877
Premiums ceded to Reinsurers.....	3,940,096
Net Premiums written.....	8,700,781
Decrease in Unearned Premium Reserve.....	109,323
Net Premiums earned.....	8,810,104
Claims and Adjustment Expenses.....	6,005,213
Expenses and Taxes.....	2,729,351
Total Underwriting Expenses.....	8,734,564
* UNDERWRITING PROFIT.....	75,540
OTHER INCOME	
Net Investment Income.....	168,773
Sundry Net.....	112,496
	281,269
* NET PROFIT FOR THE YEAR (Note 2)	\$ 356,809

Statement of Surplus

for the year ending December 31, 1967

BALANCE — DECEMBER 31, 1966.....	103,843
Net Profit for the Year.....	356,809
	460,652
Less	
Increase in Non-Admitted Assets.....	1,484
Dividends Paid to Shareholders.....	242,790
Provision for Pension Fund.....	8,000
	252,274
BALANCE — DECEMBER 31, 1967 (including contributions to surplus of \$650,000, arising from the issue of shares at a premium, less applicable dividends of \$15,000)	\$ 208,378

Portfolio of Investments

Bonds

	PAR VALUE	DESCRIPTION		MATURITY DATE	AMORTIZED BOOK VALUE	YIELD
Government and Government Guaranteed:	25,000	Government of Canada.....	5¼%	1990	24,670	5.36
	25,000	Province of Ontario.....	5%	1975	24,319	5.48
	50,000	Province of Ontario.....	4½%	1976	49,200	4.73
	75,000	Province of Nova Scotia.....	5¼%	1985	74,123	5.35
	50,000	Province of Saskatchewan.....	5¼%	1982	49,382	5.38
	50,000	Ontario Hydro.....	4%	1974	49,538	4.06
	25,000	Ontario Hydro.....	4½%	1974	24,914	4.61
	50,000	Ontario Hydro.....	4¾%	1975	49,250	5.00
	50,000	Ontario Hydro.....	5%	1978	49,559	5.12
	27,500	Ontario Hydro.....	3½%	1979	26,576	3.86
	350,000	Quebec Hydro.....	5¼%	1986	346,412	5.36
	10,000	Quebec Hydro.....	5½%	1988	9,896	5.60
	50,000	New Brunswick Hydro.....	6%	1996	50,000	6.00
	55,000	Quebec Municipal Commission...	3%	1972	53,289	3.83
	25,000	B.C. Electric Co.....	5¾%	1977	25,375	5.50
	50,000	B.C. Electric Co.....	4¼%	1981	44,719	5.47
	32,000	B.C. Electric Co.....	6½%	1990	33,016	6.21
					<u>984,238</u>	5.17
Municipal Debentures:	25,000	Metropolitan Toronto.....	4½%	1976	24,634	4.72
	105,000	Metropolitan Toronto.....	5%	1977	104,311	5.07
	50,000	Metropolitan Toronto.....	4¾%	1978	49,706	4.84
					<u>178,651</u>	4.96
Corporation Bonds:	43,000	Abitibi Paper Co.....	6¼%	1977	44,814	5.61
	50,000	Canada Permanent Mortgage Corp.	5¼%	1968	50,000	5.25
	86,000	Chemcell.....	7%	1980	89,386	6.45
	25,000	Consumers' Gas Co.....	5%	1978	24,779	5.12
	50,000	Guaranty Trust Co. Certificates...	6½%	1968	50,000	6.50
	150,000	Home Oil Co.....	6¼%	1983	152,072	6.08
	25,000	Ontario Loan & Debenture Co....	5½%	1970	25,000	5.50
	50,000	Roynat.....	6¼%	1980	49,600	6.35
	36,000	Thomson Newspapers.....	6%	1980	36,405	5.86
	88,000	Traders Finance Corp.....	6¾%	1975	89,960	6.31
	50,000	Traders Finance Corp.....	5¾%	1981	49,426	5.90
	20,000	Victoria & Grey Trust Co.....	5½%	1970	20,000	5.50
					<u>681,442</u>	6.00
		TOTAL BONDS			<u>\$1,844,331</u>	5.45

Portfolio of Investments (cont.)

Real Estate

Land at cost.....	\$ 400,000	5.50
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Shares

COMMON SHARES	NO. OF SHARES	DESCRIPTION	BOOK VALUE (U.S.)	(CDN.)	YIELD
Integrated Oils	500	Royal Dutch Petroleum.....	22,296		3.90
	400	Standard Oil Co. N.J.....	34,407		4.33
			56,703		4.29
Chemicals & Drugs	200	Richardson-Merrell.....	20,002		1.36
	318	Monsanto Co.....	29,914		1.83
			49,916		1.64
Merchandising	500	Montgomery Ward & Co.....	22,421		2.21
	500	Steinberg's.....		10,350	1.74
	500	Oshawa Wholesale.....		12,225	0.93
			22,421	22,575	1.75
Food	400	National Biscuit Co.....	23,005		3.69
Tobacco	700	R. J. Reynolds Tobacco Co.....	51,704		2.89
Finance	2,000	Canadian Imperial Bank of Commerce..		27,331	3.81
	1,000	Industrial Acceptance Corp.....		27,575	4.44
	1,500	Royal Bank of Canada.....		23,763	3.79
	1,600	Laurentide Financial Corp.....		13,520	—
	630	Mill Factors Corp.....	15,510		2.55
	450	Talcott (James).....	19,141		2.48
			34,651	92,189	3.16
Forest Products	1,000	MacMillan, Bloedel.....		37,321	3.22
	1,000	Abitibi Paper Co.....		12,164	4.60
				49,485	3.56
Mines & Metals	500	Alcan Aluminium.....		17,250	2.89
	1,000	Opemiska Copper Mines.....		12,750	6.27
				30,000	4.33
Electronics	100	International Business Machines.....	66,385		0.72
		TOTALS	304,785	194,249	
		TOTAL SHARES		499,034	2.49
		TOTAL PORTFOLIO — AT COST		2,743,365	4.92
		Adjustment to statement value.....		101,681	
		GRAND TOTAL		\$2,641,684	

The Global Insurance Companies

All Classes of Insurance and Reinsurance



GLOBAL GENERAL INSURANCE COMPANY
GLOBAL LIFE INSURANCE COMPANY
GLOBAL REINSURANCE COMPANY

Consolidated Group Information

as at December 31, 1967

	1967	1965	1963	1961	1959	1957
	\$	\$	\$	\$	\$	\$
CAPITAL of all Companies						
Paid-up (including original Contribution to Surplus)	10,280,000	10,280,000	10,050,000	7,450,000	3,750,000	2,550,000
SURPLUS FOR THE PROTECTION OF POLICYHOLDERS.....	6,185,117	6,785,644	6,027,688	6,515,520	2,913,630	2,484,078
ADMITTED ASSETS.....	45,482,648	37,994,928	40,212,349	32,942,776	21,239,985	10,830,495
INVESTED ASSETS.....	21,621,357	18,283,581	21,256,993	18,135,534	8,310,960	3,114,568
NET PREMIUMS written.....	22,012,743	21,187,085	18,432,048	14,654,274	9,600,373	5,508,187
Global General Insurance Company.....	8,700,781	7,824,940	7,903,591	6,438,766	4,429,219	2,934,245
Global Reinsurance Company.....	9,763,056	9,338,094	6,856,463	6,005,296	3,582,801	1,613,689
Global Life Insurance Company.....	3,548,906	4,024,051	3,671,994	2,210,212	1,588,353	960,253
LIFE INSURANCE IN FORCE.....	409,712,887	355,753,284	280,524,114	170,973,255	86,936,359	24,034,000

Department Managers and Superintendents

D. F. CUTBUSH, A.I.I.C.
Claims Manager for Canada

D. E. McDONALD
Automobile Manager for Canada

T. LLOYD-JONES, A.I.I.C.
Boiler & Machinery Superintendent

N. C. WEIR
Administrative Assistant

P. J. MITTERTREINER
Property Supervisor

Offices

HEAD OFFICE:

Global House, 480 University Avenue,
Toronto 2, Ontario
Telephone: 363-6651 Cables: Globalgen, Toronto
Telex: Globalre 02-2242

BRANCH OFFICE:

VANCOUVER, British Columbia
907 Burrard Building — Telephone: 683-8591
Manager: W. Norman Lister, A.I.I.C.

AREA OFFICES:

OTTAWA, Ontario
506 The Fuller Building, 75 Albert St.
Telephone: 237-3471

LONDON, Ontario
291 Dundas Street
Telephone: 438-8385

WINDSOR, Ontario
830 Ouellette Avenue
Telephone: 253-3535

EDMONTON, Alberta
722 Tegler Building
Telephone: 422-3306

GLOBAL SERVICE



GLOBAL PROTECTION